

File Number M/035/009

Effective Date _____

← DATE OF
FINAL APPROVAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED

SEP 04 1992

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined
as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/035/009

Gold

"MINE LOCATION":

(Name of Mine)
(Description)

Barneys Canyon Mine

8200 South 9600 West

P.O. Box 311

Bingham Canyon, Utah 84006-0311

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

925 ACRES

(refer to Attachment "A")

"OPERATOR":

(Company or Name)
(Address)

Kennecott Corporation

10 East South Temple

P.O. Box 11248

Salt Lake City, UT 84147

(Phone)

(801) 322-7000

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

(Phone)

CT CORPORATION SYSTEM
50 WEST BROADWAY
SALT LAKE CITY, UT 84101
(801) 364-1228

CURRENT?
WILL NEED
TO VERIFY
WITH
KENNECOTT

"OPERATOR'S OFFICER(S)":

G. FRANK JOKLIK, PRESIDENT
MICHAEL P. BATES, VICE PRESIDENT
ROBERT A. LOVERCAU, SECRETARY

"SURETY":

(Form of Surety - Exhibit B)

Performance Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

SAFECO INSURANCE COMPANY OF AMERICA
BOND NO.

"SURETY AMOUNT":

(Escalated Dollars)

3,020
\$,000.00

"ESCALATION YEAR":

1997

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M1035/009 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

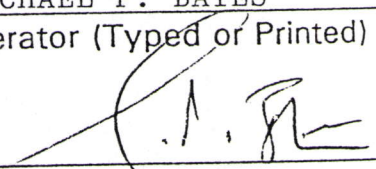
1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

MICHAEL P. BATES
Operator (Typed or Printed)


Operator Signature

September 1, 1992

Date

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

By Dianne R. Nielson, Director

Date _____

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19_____, personally appeared before me, who being duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Residing at: _____

My Commission Expires:

OPERATOR:

Kennecott Corporation

Operator Name

By Michael P. Bates, V.P. U.S. Mines
Corporate Officer - Position

September 1, 1992
Date

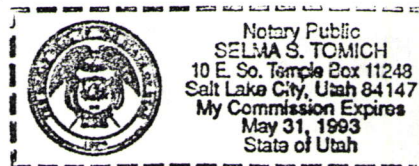
[Signature]
Signature

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 1st day of September, 19 92, personally
appeared before me Michael P. Bates who
being by me duly sworn did say that he/she, the said Michael P. Bates
is the Vice President, U.S. Mines of KENNECOTT CORPORATION
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Michael P. Bates duly acknowledged to me that said
company executed the same.

[Signature]
Notary Public
Residing at: Salt Lake City, UT

My Commission Expires: May 31, 1993



SURETY:

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company

By Ingrid Nye, Attorney-In-Fact
Company Officer - Position

July 10, 1992
Date

Ingrid Nye
Signature

STATE OF Colorado)
) ss:
COUNTY OF Jefferson)

On the 10th day of July, 19 92, personally
appeared before me Ingrid Nye who
being by me duly sworn did say that he/she, the said Ingrid Nye
is the Attorney-In-Fact of SAFECO INSURANCE COMPANY OF AMERICA
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Ingrid Nye duly acknowledged to me that said
company executed the same.

Linda M Shea
Notary Public Colorado
Residing at: 5840 E. 68th Way, Commerce City, CO 80022

My Commission Expires June 24, 1993.

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

Attachment "A"

(detailed legal description)

Legal Description (Location of Lands Affected):

SW 1, - 1, Section 36, Township 2S, Range 3W

SW 1, - 1, Section 2, Township 3S, Range 3W

SE 1, - 1, Section 3, Township 3S, Range 3W

TO BE REPLACED BY A
REVISED ATTACHMENT "A"
AND ~~CURRE~~ UPDATED DISTURBED AREA MAP



POWER
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 8001

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----INGRID NYE-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 29th day of June, 1987.

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 10th day of July, 1992.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal to be performed prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

←
Date _____

KENNECOTT CORPORATION

Principal (Permittee)

By (Name typed): T. A. STEVENSON

By (Name typed): R. B. KENNEDY

Title: Vice President Control & Treasury Title: Assistant Controller

Signature: *T. Stevenson*

Signature: *RB Kennedy*

←
Date _____

SAFECO INSURANCE COMPANY OF AMERICA

Surety

By (Name typed): Ingrid Nye

Title: Attorney-In-Fact

Signature: *Ingrid Nye*

Bond Number _____
Permit Number M/035/009
Mine Name Barneys Canyon Mine

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Ingrid Nye, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-In-Fact of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Title: Attorney-In-Fact

Subscribed and sworn to before me this 10 day of July, 1992.

Linda M. Shea
Notary Public
Residing at: 5340 E. 68th Way, Commerce City, CO 80022

My Commission Expires:

My Commission Expires June 24, 1966.

Bond Number
Permit Number SMC 35/008
Mine Name Barneys Canyon Mine

"ATTACHMENT 1"

P. J. SL
Operator SMC Barneys Canyon Mine
Mine Name
Permit Number Salt Lake County, Utah

The legal description of lands to be disturbed is:

~~See Attached~~ MAP
SEE ATTACHMENT "A" AND